

AR35

# **g|P ANNUAL REPORT**

GENERAL PRODUCTS MFG. CORPORATION LIMITED

**1971**

# GENERAL PRODUCTS MFG. CORPORATION LIMITED

## CONSOLIDATED BALANCE SHEET

	DECEMBER 31 1971	DECEMBER 31 1970
<b>ASSETS</b>		
Cash .....	\$ 17,998	\$ 15,584
Prepaid expenses and accrued income .....	<u>23,038</u>	<u>14,597</u>
	41,036	30,181
Investments - at cost:		
Term deposits .....	6,775,307	50,485
Bonds - quoted market value of \$720,375 in 1971 (1970 - \$719,328) .....	696,250	702,250
Shares of companies having a quoted market value of \$1,684,564 in 1971 (1970 - \$1,678,261) .....	1,675,258	1,813,154
Shares of affiliated company — 395,390 common shares of Supertest Petroleum Corporation Limited having a quoted market value of \$6,079,121 in 1970 .....		531,984
Mortgages .....	<u>17,521</u>	<u>23,077</u>
	9,164,336	3,120,950
Fixed assets - at cost:		
Land .....	1,000	1,000
Buildings .....	58,392	58,392
Equipment .....	<u>28,451</u>	<u>22,480</u>
	87,843	81,872
Accumulated depreciation .....	<u>70,068</u>	<u>67,864</u>
	17,775	14,008
	<u>\$9,223,147</u>	<u>\$3,165,139</u>
<b>LIABILITIES</b>		
Accounts payable and accrued charges .....	\$ 214,943	\$ 7,253
Income taxes payable .....	<u>3,321</u>	
	218,264	7,253
Shareholders' equity:		
Capital —		
Authorized:		
1,599,000 3% non-cumulative convertible first preference shares redeemable at the par value of 25 cents each;		
1,000 3% non-cumulative second preference shares redeem- able at the par value of 25 cents each;		
125,000 Class "A" non-voting common shares of no par value;		
25,000 Class "B" voting common shares of no par value;		
Issued and fully paid:		
75,000 "A" common shares .....	18,750	18,750
25,000 "B" common shares .....	<u>6,250</u>	<u>6,250</u>
	25,000	25,000
Consolidated retained earnings .....	8,979,883	3,132,886
	<u>9,004,883</u>	<u>3,157,886</u>
	<u>\$9,223,147</u>	<u>\$3,165,139</u>

Signed on behalf of the Board

J. G. THOMPSON, *Director*  
D. G. WALLACE, *Director*



# GENERAL PRODUCTS MFG. CORPORATION LIMITED

## *Directors' Report*

### TO THE SHAREHOLDERS:

In the Annual Report which is enclosed, you will find that the balance sheet at December 31, 1971 reflects the sale of the shares of Supertest Petroleum Corporation, Limited about which I wrote you last October. The transaction was completed on December 23, 1971 and the proceeds placed in short-term securities.

In the letter which I wrote to the shareholders December 14, 1971, I acquainted you with the decision of your directors to take steps to wind-up the Corporation and as a first step in that process, reference was made to the plan to pay a substantial interim dividend on receipt of the required tax rulings.

Our auditors thereupon applied to the Department of National Revenue for such rulings and although there have been a number of conversations with departmental officials, it has not been possible as of this date to obtain the requisite rulings. It should be explained that because of the complexity of the government's "tax reform legislation" and the penalties which can arise if misjudgments are made in its interpretation, your directors have deemed it prudent to be guided by the Corporation's auditors and solicitors in the timing of the various corporate proceedings which are required. After receipt of official tax rulings, our auditors will verify with the Department the computation of tax payable and the special dividend can then be declared.

Since the year-end, a large portion of the portfolio of shares held by your Corporation has been sold and the bulk of its assets are now in the form of term deposits and short-term bonds, both of which are earning interest at satisfactory rates.

The winding-up of your Corporation will, of course, require some time to accomplish as two subsidiaries must first be wound-up but we look forward with you to receipt of the required tax rulings thus permitting the dividend previously mentioned to be declared and the overall programme of liquidation proceeded with.

ON BEHALF OF THE BOARD OF DIRECTORS

J. G. THOMPSON,  
*Chairman*

May 1, 1972

# GENERAL PRODUCTS MFG. CORPORATION LIMITED

## CONSOLIDATED STATEMENT OF INCOME

YEAR ENDED DECEMBER 31	1971	1970
Income		
Interest earned .....	\$ 72,191	\$ 60,172
Dividends from:		
Affiliated company .....	20,000	20,000
Other .....	<u>54,546</u>	<u>58,641</u>
Management fees and sundry income .....	3,874	33,422
Rental from properties .....	<u>18,480</u>	<u>18,060</u>
	169,091 ✓	190,295 ✓
Expenses		
Property expenses excluding depreciation .....	25,246	28,058
Depreciation expense .....	2,559	2,719
Remuneration of directors and senior officers ....	52,825	71,241
General office and administrative expenses .....	<u>25,809</u>	<u>26,482</u>
Earnings before taxes .....	62,652	61,795
Provision for (recovery of) income taxes .....	<u>4,791</u>	<u>(6,504)</u>
EARNINGS BEFORE EXTRAORDINARY ITEMS..	<u>57,861</u> ✓	<u>68,299</u> ✓
Extraordinary items:		
Gain on sale of shares of Supertest Petroleum Corporation Limited .....	5,809,847	
Net gain (loss) on sale of other investments .....	<u>(20,711)</u>	<u>13,901</u>
	<u>5,789,136</u>	<u>13,901</u>
NET INCOME FOR THE YEAR .....	<u><u>\$5,846,997</u></u>	<u><u>\$ 82,200</u></u>
Earnings per Class "A" and Class "B" common share:		
Before extraordinary items .....	<u>\$ .58</u> ✓	<u>\$ .68</u> ✓
After extraordinary items .....	<u>\$58.47</u>	<u>\$ .82</u>

## CONSOLIDATED STATEMENT OF RETAINED EARNINGS

YEAR ENDED DECEMBER 31	1971	1970
Balance at January 1 .....	\$3,132,886	\$3,050,686
Net income for the year .....	<u>5,846,997</u>	<u>82,200</u>
Balance at December 31 .....	<u><u>\$8,979,883</u></u>	<u><u>\$3,132,886</u></u>



# GENERAL PRODUCTS MFG. CORPORATION LIMITED

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED DECEMBER 31	1971	1970
Cash at January 1 .....	\$ 15,584	\$ 17,584
Source of funds:		
Net income for the year .....	5,846,997	\$ 82,200
Depreciation charged .....	2,559	2,719
Sale of fixed assets .....	134	3,011
Repayments of mortgage and special refundable tax .....	5,556	5,730
Increase in income taxes payable .....	3,321	284
Increase in accounts payable and accrued charges .....	207,690	2,679
	<u>\$6,081,841</u>	<u>\$114,207</u>
Application of funds:		
Increase in investments .....	\$6,048,942	\$ 93,044
Increase in prepaid expenses and accrued income .....	8,441	5,579
Purchase of fixed assets .....	6,460	
	<u>6,063,843</u>	<u>98,623</u>
Cash at December 31 .....	<u>17,998</u>	<u>15,584</u>
	<u>\$6,081,841</u>	<u>\$114,207</u>

## AUDITORS' REPORT

To the Shareholders of  
General Products Mfg. Corporation Limited

We have examined the consolidated balance sheet of General Products Mfg. Corporation Limited as at December 31, 1971 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1971 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

London, Canada.  
February 24, 1972.

CLARKSON, GORDON & CO.  
Chartered Accountants.

# GENERAL PRODUCTS MFG. CORPORATION LIMITED

HEAD OFFICE: 660 RICHMOND STREET, LONDON, CANADA

## *Directors*

S. C. BACON  
F. W. P. JONES  
JOHN D. JUDGE  
D. D. C. McGEACHY  
R. W. ROBERTSON  
J. H. STEVENS  
J. A. TAYLOR  
A. S. THOMPSON  
JAMES G. THOMPSON  
J. G. THOMPSON  
D. G. WALLACE

## *Officers*

*Chairman of the Board and President*

J. G. THOMPSON

*Vice-Chairman*

A. S. THOMPSON

*Vice-Presidents*

JAMES G. THOMPSON

D. D. C. McGEACHY

*Vice-President and Secretary-Treasurer*

D. G. WALLACE



## GENERAL PRODUCTS MFG. CORPORATION LIMITED

### *TO THE SHAREHOLDERS:*

In view of the announcement made at the end of July concerning a proposed merger between Supertest Petroleum Corporation, Limited and BP Canada Limited, shareholders are reminded that your Corporation is the owner of 395,390 shares of Supertest Petroleum common stock, as listed in the Annual Report.

Subject to certain conditions yet to be resolved, BP Canada Limited intends to make an offer in due course to purchase all of the common shares of Supertest Petroleum Corporation, Limited at \$16.50 per share.

*August, 1971*

## GENERAL PRODUCTS MFG. CORPORATION LIMITED

### INTERIM REPORT TO THE SHAREHOLDERS

*Six Months  
ended  
June 30, 1971*



# GENERAL PRODUCTS MFG. CORPORATION LIMITED

## CONSOLIDATED STATEMENT OF INCOME

SIX MONTH PERIOD ENDED JUNE 30, 1971 (with comparative amounts for 1970)

Income:	1971	1970
Interest earned .....	\$27,525	\$28,210
Dividends received from —		
Affiliated company .....	10,000	10,000
Others .....	29,737	28,190
Management fees and sundry income .....	4,000	20,500
Rental from properties .....	9,135	9,000
	<u>80,397</u>	<u>95,900</u>
Expenses:		
Property expenses .....	16,474	16,736
Administrative expenses .....	35,090	52,732
	<u>51,564</u>	<u>69,468</u>
Earnings before taxes and extraordinary items .....	28,833	26,432
Provision for taxes .....	782	894
Earnings before extraordinary items .....	<u>28,051</u>	<u>25,538</u>
Extraordinary items:		
Net gain (loss) on sale of investments .....	(6,267)	13,901
Loss on foreign exchange .....	(7,437)	
	<u>(13,704)</u>	<u>13,901</u>
Net income for period .....	<u>\$14,347</u>	<u>\$39,439</u>

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

SIX MONTH PERIOD ENDED JUNE 30, 1971 (with comparative amounts for 1970)

	1971	1970
Cash at January 1 .....	\$15,584	\$17,584
Source of funds:		
Net income for period .....	14,347	39,439
Depreciation charged .....	1,225	1,483
Sale of fixed assets .....	147	3,011
Repayment of mortgages .....	2,750	2,520
Increase in income taxes and accounts payable .....		2,805
	<u>\$34,053</u>	<u>\$66,842</u>
Application of funds:		
Increase in investments .....	\$18,870	\$33,355
Increase in prepaid expenses and accrued income .....	758	6,056
Decrease in income taxes and accounts payable .....	471	
Purchase of fixed assets .....	255	
	<u>20,354</u>	<u>39,411</u>
Cash at June 30 .....	<u>\$13,699</u>	<u>\$27,431</u>
	<u>\$34,053</u>	<u>\$66,842</u>

(THESE STATEMENTS ARE UNAUDITED)